

JOHN M. W. MOORLACH, C.P.A., CFP®

ORANGE COUNTY TREASURER-TAX COLLECTOR

"Mr. Moorlach is well-known for having predicted in 1994 that investments by then-Treasurer Robert Citron were headed for trouble. His warnings weren't heeded, the county experienced a bankruptcy when Mr. Moorlach's predications came true, and Mr. Moorlach was appointed, then elected and re-elected treasurer."

"He retains his reputation as a white knight, someone known for his sound judgment and integrity. But Mr. Moorlach also is known for his wry wit, strong opinions and willingness to speak out about important matters, regardless of the political consequences."

The Orange County Register, July 24, 2003

"Moorlach incurred the wrath of the county's power structure back in 1994 by warning about county treasurer Bob Citron's dangerous investment scheme. His eventual reward, besides being proven correct, was Citron's office, which Moorlach has turned into a respectable model of performance and stewardship."

"With eight years as a county manager under his belt now, Moorlach knows the county government's strengths and weaknesses, it heroes and connivers. Shades of the Citron era, Moorlach has become increasingly critical of bureaucrats, politicians and professional fixers who he believes are once again placing the county in financial jeopardy."

"One of the raps on Moorlach is a political insider thing: He's a boy scout--too willing to champion unpopular causes on principle, loathe to cut backroom deals, a stickler for public accountability-- and when aroused, outspoken with a stinging wit. If only more politicians were so flawed."

Orange County Business Journal, July 28, 2003

John M. W. Moorlach, Certified Public Accountant and Certified Financial Planner®, was appointed to fill the vacancy of Treasurer-Tax Collector on March 17, 1995. The resignation of the former Treasurer, due to the County's \$1.64 billion in investment losses, provided this opportunity for John to improve a financial situation that he tried to prevent.

John challenged the six-term incumbent for the Orange County Treasurer-Tax Collector position in the June 1994 primary. He assembled a fine group of supporters, including Congressman Chris Cox as Honorary Campaign Chair, in the first challenge of the incumbent since he was initially elected in 1970. John addressed many issues relating to the County's investment strategies, including encouraging an emphasis on the preservation of capital (safety) and opposition to the aggressive use of leverage (arbitrage), derivatives, and not marking securities to market values. The campaign received national attention, including several articles in The Wall Street Journal, with John garnering nearly forty percent of the votes cast.

Just prior to the June 7, 1994 election, John wrote a letter to the Chairman of the Board of Supervisors detailing the aggressive nature of the County's portfolio. In the conclusion of this May 31st letter John warned that the Board should "prepare for a worst case scenario." The Board chairman did not respond. Standard & Poor's and Moody's were not concerned. The participants in the County's portfolio incorrectly concluded that John's warnings were "political rhetoric." Six months later the portfolio imploded, proving John's warnings and "resulting in large losses of investor dollars."

Accordingly, John has the distinction of having predicted the largest municipal bond portfolio loss and bankruptcy in U. S. history. Consequently, John has been in demand as a public speaker and has been featured in hundreds of newspapers and magazines, and on numerous television and radio programs. He was

the cover story for the October 1998 issue of "Treasury & Risk Management." Local honors include being recognized as the "1994 Newsmaker of the Year" by the Newport Beach/Costa Mesa Daily Pilot.

John's role in trying to avert the County's bankruptcy filing has been discussed in several books, including:

"Infectious Greed: How Deceit and Risk Corrupted the Financial Markets" by Frank Partnoy, 2003, Henry Holt and Company.

"Orange County: The Golden Promise: An Illustrated History" by Pamela Hallan-Gibson, 2002, American Historical Press.

"From Goat Hill to City of the Arts: The History of Costa Mesa" by Robert M. Wilson, 2000, Seven Locks Press.

"Agents Orange" by Thomas C. Rogers, 2000, Self-Published.

"When Government Fails: The Orange County Bankruptcy" by Mark Baldassare, 1998, University of California Press.

"F.I.A.S.C.O.: Blood in the Water on Wall Street" by Frank Partnoy, 1997, W. W. Norton & Company.

"Big Bets Gone Bad: Derivatives and Bankruptcy in Orange County" by Philippe Jorion, 1995, Academic Press, Inc.

TREASURER-TAX COLLECTOR

John was referred to as the "town crier" by the Orange County Register (Nov. 8, 1999), for his public positions on grading school bond measures and opposing immediate borrowing against tobacco settlement proceed payments. Article quotes include:

"I find him to be one of the most down-to-earth and least political officials in Orange County. He's candid, and I think he's genuinely concerned with fiscal responsibility. And I think he's one of the smartest guys in the County."

Bill Mitchell, government watchdog and Former Chairman of Common Cause

"He gets an A grade on his performance. He's trying very hard to be open and above board, and he's done an outstanding job of watching our money."

Chuck Smith, Chairman of the Board of Supervisors

"He can be trusted with the County's money."

Tricia Harrigan, League of Women's Voters' County-government watchdog

Subsequent to these accolades, John successfully spearheaded the derailment of a suspicious potential sale of the 91 Freeway toll lanes. "How can it be that O. C. Treasurer John Moorlach is almost the lone elected skeptic in this town?"

John Lansner, The Orange County Register, December 7, 1999

"Moorlach is now quite obviously one of the county's political giants. He startled politically well-connected toll road interests when he condemned a proposed insider deal to sell the 91 toll road; the deal went nowhere. Usually arrogant Wall Street investment-house giants nervously monitor his pronouncements."

One sure sign that his star has risen is that other Republican officials regularly take petty shots at him - almost always off the record."

O.C. Weekly, November 3, 2000

John successfully ran to fill the remaining two-year term of his predecessor in March 1996. During this election cycle, John also successfully campaigned against the flawed County Charter proposal, Measure T. This followed his opposition nine months earlier of the defeated sales tax proposal, Measure R, declaring that it would dampen the since realized economic recovery. John also successfully lobbied and campaigned for term limits for Costa Mesa City Council members, which passed by nearly eighty percent in the November 1996 election. He ran unopposed for a four-year term, attaining the highest number of votes in Orange County on June 2, 1998.

With the desire to alleviate a long-term financial issue to free up funds to resolve short-term needs, John wrote Measure G, which appeared on the November 2000 ballot. This measure attempted to use one-sixth of the tobacco settlement revenues, that the county was projected to receive over the next forty years, toward debt retirement. Although it would have saved taxpayers more than \$450 million, it only garnered 46% of the vote. A competing measure prevailed allocating these funds toward health care to a much greater percentage than seen elsewhere around the nation.

In March of 2002 John was reelected, garnering the highest number of votes cast for any candidate. He is a frequent invited guest columnist for The Orange County Register and The Los Angeles Times, where he has recently taken on public transportation, pension plans and debt issues.

With Governor Arnold Schwarzenegger's swearing-in The Orange County Register suggested that our new Governor has "18 Californians worth listening to.... who value freedom, free market and individual liberty and at the same time offer depth and insight into subjects that are on the governor's priority list (transition team members were excluded)." John was number five on this list.

John has achieved significant accomplishments during his brief tenure, including:

- Overseeing the investing of some \$5 billion in taxpayer funds.
- Issuing comprehensive monthly Treasurer's Management Reports that provide full disclosure regarding the County's composition and management of its investments.
- Establishing the Treasury Oversight and Treasurer's Advisory Committees.
- Writing an Investment Policy Statement that received the Certification of Excellence Award from the Municipal Treasurers' Association of the U.S. and Canada.
- Returning the management of the County's investment portfolios in-house, thereby reducing investment expenses by a minimum of \$1.3 million per year.
- Receiving the highest possible rating, AAA/V-1+, from Fitch IBCA for the County's two Money Market Investment Pools.
- And receiving the highest possible rating, Aaa/MRI, from Moody's Investor Services, for credit and market risk.
- Making significant departmental budget cuts, while implementing improved banking, cash flow forecasting, accounting, investing and portfolio compliance technologies.
- Initiating a quarterly external monitoring review of the County's investment pools for compliance purposes.
- Achieving the best tax collection statistics in over a dozen years.
- Assisting in the due diligence of more than \$1.5 billion of County issued debt.
- Hosting the annual Treasurer's Conference for Orange County municipality elected officials and staff.
- Assisting in the largest litigation settlement in United States municipality history, totaling more than \$800 million.

- Protecting the integrity of the recent information technology and communications multimillion dollar contract bidding process by sitting on the Information Outsourcing Steering Committee and recommending the inclusion of two Grand Jury members in the selection review meetings.
- Serving on the Results Oriented Government Steering Committee responsible for implementing the County Performance Measurement component for department business plans and budgets.
- Submitting numerous legislative modifications that have been signed into state law (see legislative successes below).

John is an ex-officio member of the County's Public Financing Advisory Committee and is a director and past Chairman of the Orange County Employee Retirement System (OCERS) Board of Directors. OCERS has nearly \$5 billion under management for the County's employees and retirees and John chairs its Audit Committee. John also serves as the secretary of the California Association of County Treasurers and Tax Collectors (CACTTC) Board of Directors.

BALSER, HOROWITZ, FRANK & WAKELING (now RONALD BLUE & COMPANY)

Prior to serving as Orange County Treasurer-Tax Collector, John was Vice President of Balser, Horowitz, Frank & Wakeling, an Accountancy Corporation, and was the administrative partner of its Costa Mesa office. John began public practice in 1976 with Richard G. Boyer, C.P.A., who merged with Balser, Horowitz, Frank & Wakeling, founded in 1937, in 1978. John was a partner with the firm for more than ten years. The firm merged with [Ronald Blue & Company](#) on January 1, 2000.

EDUCATION/PROFESSION

John graduated from California State University in Long Beach in 1977 and passed the C.P.A. exam in 1978. He completed his studies for the Certified Financial Planner designation in 1987. He has also earned a Certificate in Public Finance from the University of Delaware, Division of Continuing Education in 1995, the Certificate of Achievement in Public Plan Policy (CAPPP) in Employee Pensions in 1999 and the Trustees Masters Program in 2003 through the International Foundation of Employee Benefit Plans.

John holds memberships in the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the California Association of County Treasurers and Tax Collectors (CACTTC), the Government Finance Officers Association and the State Association of County Retirement Systems.

POLITICAL INVOLVEMENTS

In the June 1992, 1994 and March 1996 Republican primaries, John was elected to the Orange County Republican Central Committee in the 70th Assembly District. He has served on its Executive Committee as Assistant Treasurer and Chairman of its Precinct Advisory Committee. John is a member of the California Republican Party State Central Committee where he has served as the Co-Chair of the Taxation Committee and on its Audit Committee. He has served as President of the Costa Mesa Republican Assembly and Assistant Treasurer of the California Republican Assembly. John was an Orange County 1996 Honorary Dole/Kemp County Chairman and a 1992 Bush/Quayle Campaign Co-Chair. In 1990 and 1992 he served as the Costa Mesa City Chairman for the Orange County Republican Party's Get-Out-The-Vote Campaign.

CALIFORNIA SESQUICENTENNIAL FOUNDATION

John served on the California Sesquicentennial Foundation Board as its Vice President and was one of its founding directors. This nonprofit foundation was formed to handle the fund-raising aspects of the California Gold Discovery to Statehood commemoration, which began in 1998 and ran through the year 2000. In this capacity, John hosted the Orange County presentation of "Heading East - The Musical," a review of the Asian

immigration experience over the past one-hundred-fifty years in California, for a successful 3-day run in March 1999 at the Barclay Theatre. He also assisted in raising funds to underwrite the "Concordia," in order for it to participate in the 1999 California Tallship events, in conjunction with Concordia University Irvine. One visible impact of this involvement was the inclusion of "SESQUICENTENNIAL - 150 YEARS" on California license plates.

COMMUNITY INVOLVEMENTS

Although John is trying to limit his active involvements, he served on the Advisory Council of the Nautical Heritage Society, which operated the 145-foot topsail schooner "California." John was a 13-year active member of the Costa Mesa Rotary Club, which folded several years ago, is a "Paul Harris Fellow" and achieved more than 10 years of perfect attendance. He hosted the cable access program "The Orange County Conservative Report." Other active community involvements include being a member of the Old Courthouse Museum Society, Orange County Historical Society, Mesa Pride, the Christian Business Men's Committee's Government Leadership Prayer Breakfast Honorary Board, honorary membership in the Noble Viking Charities of Orange County, a director of the Orange County Coast Association, an Advisory Committee member for Defend the Bay and the Orange County Freedom Committee. He served as the Honorary Chairman of the 1999 Annual Campaign for the Costa Mesa Senior Center, and has been active in fund-raising efforts on behalf of the Asian-American Senior Citizens Service Center, including the October 2000 Orange County fund-raising premier of "We Served with Pride."

Past board involvements have included serving in the capacities of Chairman of Christian Credit Counselors International, Vice President of Programs for the Costa Mesa Historical Society, Treasurer and then President of Laurel Pines Camp and Conference Grounds, member of the Annual Harbor Area Mayors' Prayer Breakfast Committee, Secretary of the Mesa Verde Homeowners Association, founding President of Christian Management Association's Orange County Chapter, and as Deacon/Treasurer for Christ Community Church (formerly Community Reformed Church) in Buena Park.

PROFESSIONAL INVOLVEMENTS

Even prior to the bankruptcy, John was a frequent contributor of published articles and editorials in national and local publications. He was a frequent writer and speaker on employee benefits for nonprofit organizations. Articles have also been published in books, including "Leadership Handbooks of Practical Theology, Volume Three: Leadership & Administration," 1994, and "Your Church: The Complete Church Guide to Saving Money and Buying Smart," 1998. Editorials have been published in the Los Angeles Times, the Orange County Register and the Newport Beach/Costa Mesa Daily Pilot, to name a few.

John is a member of the Advisory Council for National Tax Data, parent of California Tax Data, a closely-held corporation which provides real property tax information to the real estate industry via its web sites.

An avid California historian, John even has a photograph published in "California Historical Landmarks," 1990, published by the office of Historic Preservation, California Department of Parks and Recreation. Most recently he has written the introduction for "The Orange Blossoms: 50 Years of Growth in Orange County", John Sorenson, editor, published by Heritage Media Corp., 2000.

He has also written the introduction for "California - Golden Past, Shining Future: A Sesquicentennial Celebration," by Cherbo Publishing Group, Inc. John is selling both of these beautiful collectible large books on consignment at the greatly reduced discount price of \$40.00, while the supply lasts.

PERSONAL

John's hobbies include his 1974 Bricklin SV-1 and 1990 Avanti four-door touring sedan, book collecting, reading, backpacking, western states Jewish history, and California historical landmarks. John and his wife, Trina, and their three children, Sarah, CJ, and Daniel, reside in Costa Mesa. They attend Newport-Mesa Christian Center in Costa Mesa.

LEGISLATIVE SUCCESSES

Mr. Moorlach is also a member of the California Association of County Treasurers and Tax Collectors (CACTTC) Legislative Committee, where he has achieved the following legislative successes:

AB 323 (Steve Baldwin-San Diego) (1999)- Reduce the restriction placed on Treasury Oversight Committee members for seeking employment with a financial services firm from within three years to one year after leaving the committee.

AB 343 (Bill Campbell- Villa Park) (1999)- Removed the weighted average maturity restriction on Commercial paper and increased maximum holdings from 30% and 40%.

SB 275 (Omnibus Bill) (1999)- Allows the Auditor-Controller to file the monthly Government Section 27063 report.

Corrected the definition of borrowings requiring Board of Supervisors approval. And establishing a 10-percent issuer limitation.

AB 1679 (Committee on Local Government (Longville (Chair)) (2000)- Provides a better definition of Medium Term Notes.

SB 1493 (John Lewis- Orange) (2000)- Permits the use of the accrual method for distributing investment income, thus paralleling a mandatory requirement in the private sector.

AB 609 (Assembly Member Kelley) (2001)- Eliminated the duplications in Government Code- Sections 53601 and 53635 for qualifying investments.

AB 594 (Tom Harman- Huntington Beach) (2002)- Allows taxpayers to pay property taxes electronically until midnight of the due dates.

SB 210 (Committee on Local Government) (2002)- Permits the use of controlled disbursements to enhance check clearing management.

AB 2182 (John Campbell- Irvine) (2002)- Provides County Treasurers with the option to operate and investment their local government investment pools in a manner similar to Rule 2a-7 under the Federal Investment Company Act of 1947, which regulates money market mutual funds.

SB 1494 (Dick Ackerman-Fullerton) (2002)- Expands the definition of what is included in a lien, relating to property taxes and penalties.

AB 1585 (Omnibus Bill Committee on Public Employees, Retirement and Social Security) (2003)- Extends the deadline for 1937 Act Retirement systems to file their audited financial statements with the county's Board of Supervisors from April 1 to June 30.